



# THE TIPRO TARGET



**Texas  
Independent  
Producers and  
Royalty Owners  
Association**

## What should TIPRO members expect for Texas' 88<sup>th</sup> Legislative Session?

Texas lawmakers will soon convene at the state capitol in Austin for the start of the 88<sup>th</sup> Regular Texas Legislative Session, with the state's legislative body due to meet for the first time on Tuesday, January 10, 2023. As state leaders develop their legislative and policy agendas before the beginning of the 2023 Legislative Session, the Texas Independent Producers & Royalty Owners Association (TIPRO) is working on setting priorities on behalf of its members focused on core opportunities and concerns for the Texas oil and natural gas industry.

According to TIPRO, legislators in the next legislative session will continue efforts to improve the reliability of the state's electric grid, address infrastructure and transportation needs as well as grow the economy. TIPRO also says that increasing oil and natural gas production could be a goal of the state legislature in 2023, based on work by legislators during the interim session.

Further, legislators will also look at solutions to dedicate funding generated by the industry to benefit all the state's energy-producing areas. The "Generate Reoccurring Oil Wealth" (GROW) bill, filed recently as House Joint Resolution 27 by State Representative Tom Craddick (R-Midland), proposes a constitutional amendment that would bring a percentage of the Economic Stabilization Fund, commonly known as the Rainy Day Fund, to the Permian Basin each year for health, schools and roads. The legislation was filed in previous sessions, and even passed by the House last year by a heavy majority, but did not come up for a vote in the Senate chamber. TIPRO intends to again support this important bill during the 88<sup>th</sup> Legislative Session.

Other notable bills that have been filed for the legislature's consideration next session include House Bill 456, also authored by Representative Craddick, that allows for royalty interests held by a charitable organization to be exempt from taxation, and House Bill 591 by State Representative Giovanni Capriglione (R-South Lake) that allows for a production tax exemption for gas that would have otherwise been vented or flared.

On behalf of members of the association, TIPRO will continue to closely monitor and track legislative proposals as they are filed which could be of significance to independent producers and royalty owners.

## Christi Craddick elected chairman of the Railroad Commission of Texas for fourth time



**Railroad Commission  
Chair Christi Craddick**

Texas Railroad Commissioner Christi Craddick was unanimously elected as the new chairman of the state agency earlier this week during the commission's open meeting held Tuesday, December 13. Craddick assumes the chairmanship of the agency from Wayne Christian, who had led as chairman of the Railroad Commission since 2021 and recently was re-elected in November's General Election to serve another six years at the commission.

"Chairman Christian has led this agency through serious rulemakings related to Winter Storm Uri, and I am proud of the work this agency has completed to keep gas flowing in this state," said Craddick after being selected chairman of the Railroad Commission.

It is the fourth time Craddick will lead the Railroad Commission as chairman, having already served as the chair of the commission three other times. Craddick, who began her tenure at the commission in 2012, will lead the commission heading into the state's 2023 Legislative Session, where she said that her priorities will include securing the agency's budget for the next biennium, working with the legislature to prevent federal overreach in the state's most economically important industry and continuing to ensure the health and safety of all Texans through responsible regulation of our state's natural resources.

## TIPRO to host legislative reception in Austin next month

The Texas Independent Producers & Royalty Owners Association (TIPRO) will host new and returning members of the state legislature at a reception in downtown Austin, Texas, on January 25, 2023. Several members of the legislature have already confirmed their attendance, with more expected to RSVP in the coming days.

If you are interested in attending TIPRO's reception honoring Texas legislators, please email TIPRO Government Affairs Director Ryan Paylor at [rpaylor@tipro.org](mailto:rpaylor@tipro.org) for more information.

## Chairman's message

TIPRO members,

As 2022 comes to a close, I want to take a moment to personally thank all of our members for allowing TIPRO the opportunity to serve as your leading advocate and representative before policymakers and regulators the past year. Your ongoing engagement and support of the association has continued to help TIPRO's staff expand our efforts to achieve the mission of the association – first established by the founders of TIPRO in 1946 – to protect the ability to explore and produce oil and natural gas in Texas.

TIPRO, which exists solely to support, protect and promote the Texas oil and natural industry, over the last year has continued to effectively represent the best interests of Texas independent oil and natural gas producers and royalty owners at all levels of government, and in the coming year, we will carry on with such efforts and keep offering a unified voice on behalf of the industry at the state legislature, U.S. Congress and regulatory agencies.

As the members of TIPRO recognize, the association's strength in government and regulatory affairs is needed more than ever at such a critical time for the oil and natural gas industry. With rulemaking activity happening year-round at state and federal regulatory offices, TIPRO is making sure that regulations for the oil and gas sector are balanced. Otherwise, with legislators in Texas due to return to Austin starting in January for the beginning of the state's next legislative cycle, TIPRO is preparing to follow legislation that could impact members. During the 87<sup>th</sup> Texas Legislative Session, TIPRO tracked more than 300 bills of relevance to oil and gas producers and royalty owners and took formal positions on 90 priority bills. We expect an equally busy and active session to come in 2023. Lastly, TIPRO is also helping oil and gas companies and mineral owners keep an eye on legislative activity by federal lawmakers in Washington D.C., who have been pushing new policies that could affect those working in the energy industry.

This last year it was a pleasure to see so many of TIPRO's members at the association's conferences and forums, and we hope that you will plan to be part of TIPRO's gatherings next year as well. In 2023, TIPRO will host a comprehensive calendar of programmatic activity for our members to network, learn and engage in issues that impact the E&P sector. These events are not only insightful, but also offer an important platform for discussion on the leading priorities for the industry. TIPRO functions also provide professionals with networking opportunities to foster new business relationships, something particularly valuable following event restrictions during the pandemic. Please watch for more details on TIPRO meetings and conventions scheduled for the new year to be announced by the association in the near future.

Finally, TIPRO's communication and education work has continued to grow over the past year, and during 2023 we look forward to continuing to share the story on the importance of American oil and natural gas development. Providing effective and timely communication to our members, elected officials, the media and general public about the Texas oil and natural gas industry remains a top priority for TIPRO and we continue to explore new avenues to tell the facts about energy development and production in the Lone Star State.

It has been a great year for the association, and we look forward to another year of success in 2023. I wish you and your family a happy holiday season and a wonderful New Year,

Jud Walker



**Jud Walker**

## Industry advocate and former TXOGA President Rob Looney passes away

Rob Looney, former president of the Texas Oil & Gas Association (TXOGA), died peacefully on December 1, 2022, at his home in Evant, Texas. He leaves behind a legacy as a well-respected leader of the state oil and natural gas industry, having spent much of his career serving as the head of TXOGA for more than 25 years before retiring from the association in 2014. In addition to his role with TXOGA, Looney also was involved with the Interstate Oil & Gas Compact Commission (IOGCC) and the US Oil and Gas Association, as well as other state and national industry boards. TIPRO joins TXOGA and other industry organizations in expressing condolences and deepest sympathies to Looney's family on his passing.

## Erin Chancellor to serve as interim executive director of the TCEQ

On Wednesday, December 14, the Texas Commission on Environmental Quality (TCEQ) announced Erin Chancellor as interim executive director beginning on December 15, 2022. Chancellor takes over the role for Toby Baker, who recently joined the governor's office as a deputy chief of staff. Chancellor is director of the TCEQ's office of legal services. Previously, she has also served as a political appointee at the U.S. Environmental Protection Agency (EPA) in two separate roles: chief of staff in EPA Region 6 in Dallas and counsel to the administrator at EPA headquarters in Washington, D.C. Chancellor started her legal career at the TCEQ as a superfund and dry cleaner remediation program attorney in the office of legal services, and also worked as past TCEQ Chairman Bryan Shaw's special counsel, advising on legal and policy issues.

## TIPRO CALENDAR OF EVENTS

**JANUARY 17, 2023**

HOUSTON — TIPRO/IPAA/HPF  
"Leaders in Industry" Luncheon.

For information, email

[info@houstonproducersforum.org](mailto:info@houstonproducersforum.org).

**JANUARY 25, 2023**

AUSTIN — TIPRO  
Legislative Reception.

For information, email

[info@tipro.org](mailto:info@tipro.org).

**FEBRUARY 1-3, 2023**

HOUSTON — 30<sup>th</sup> Anniversary  
NAPE Summit.

For information, email

[info@napeexpo.org](mailto:info@napeexpo.org).

## Retiring state Senator Jane Nelson to be nominated as Texas' next secretary of state

During the first week of December, Texas Secretary of State John Scott announced his resignation from office, saying he plans to step down at the end of the year to return to his private legal practice. Scott, who had been appointed to the role by Governor Greg Abbott in 2021, has been serving as secretary of state in an interim capacity and would have been due to go through the confirmation process for the position during the upcoming legislative session, had he continued work as Texas' secretary of state.

As the state's top elections official, over the last year Scott led statewide efforts to protect and improve the integrity of Texas elections while voter confidence in election processes remains historically low. During his tenure, Scott oversaw four statewide elections and supervised an audit of the 2020 elections in four of the state's largest counties. The first phase of the audit, released on New Year's Eve 2021, found no significant evidence of widespread fraud. Scott also in 2022 led a voter education campaign to spread awareness on voter ID requirements leading up to the 2022 midterm elections, so Texans could vote successfully and easily in the General Election this past November.

Following Scott's resignation, Governor Abbott announced his intent to appoint retiring Texas Senator Jane Nelson (R-Flower Mound) to fill the role as the 115<sup>th</sup> secretary of state for Texas. "Ensuring confidence in our elections and building the Texas brand on the international stage are crucial for the continued growth and success of our great state," said Governor Abbott. "I thank Secretary Scott for his tireless work educating Texas voters how they can participate in the electoral process and safeguarding the integrity of our state's elections. Senator Nelson's lifelong commitment to public service and deep understanding of state government will be assets in her new role ensuring the critical duties of secretary of state are fulfilled. Nothing is more important to a free society than fair elections, and the state of Texas will continue working to uphold and protect this right."

Nelson has served in the Texas Senate for nearly 30 years, longer than any other Republican. She most recently ran the powerful Senate Finance Committee as chairwoman, and during multiple legislative cycles has worked to ensure passage of a balanced budget for the state. She also previously was chair of the Senate Health Committee for longer than anyone in state history, and in 2019, Nelson was the first woman to preside over opening day of the Texas Senate.

"I look forward to this new chapter of public service and appreciate the confidence Governor Abbott has placed in me to serve as secretary of state. Voters expect fair elections with accurate, timely results, and I am committed to making that happen. Texans with all political views should have faith in our election system," Senator Nelson said.

The secretary of state serves as the state's chief election officer; provides a repository for official, business and commercial records; publishes rules and regulations; and commissions notaries public. In addition, the secretary serves as senior advisor and liaison to the governor for Texas Border and Mexican Affairs, and serves as chief international protocol officer for Texas. It is one of six state officials named by the Texas Constitution to form the executive department of the state.



Senator Jane Nelson

## TCEQ executive director named as new deputy chief of staff for Texas Governor Greg Abbott

Texas Governor Greg Abbott this month announced senior staff leadership changes in the office of the governor and new hires in his administration. Recently, the governor named Gardner Pate as chief of staff within the governor's office. Pate previously served as deputy chief of staff for the governor before joining Abbott's 2022 re-election campaign as campaign chairman. As Abbott's chief of staff, he will lead the governor's team going into the 88<sup>th</sup> Legislative Session alongside deputy chief of staff Jordan Hale and new deputy chief of staff Toby Baker. Baker, who has been serving as the executive director of the Texas Commission on Environmental Quality (TCEQ), was also previously a commissioner for the TCEQ for six years. He begins his new role working for Governor Abbott on December 15, 2022.

"The upcoming legislative session will require a formidable staff within the office of the governor, and I am pleased to announce this experienced team of talented individuals who will help our office achieve great things for the people of Texas," stated Governor Abbott. "Texans deserve leadership that will continue guiding our state towards a more prosperous future. I look forward to working alongside Gardner, Jordan, and Toby as this exceptional team tackles critical issues and enacts policies that will safeguard freedom and opportunity for every Texan across our great state."

Other staff changes announced by the governor include the promotion of Tabatha Vasquez to policy director, Shayne Woodard as director of legislative affairs, Sarah Hicks as senior advisor and budget director and Renae Eze as communications director.

## TCEQ director appointed commissioner of the Texas Water Development Board

Texas Governor Greg Abbott announced this week the appointment of L'Oreal Stepney, P.E. to the Texas Water Development Board (TWDB), effective January 2, 2023, for a term set to expire on February 1, 2023. The TWDB provides leadership, planning, financial, and technical assistance for the responsible development of water for the state of Texas, and notably will undergo a sunset review by the state legislature during the 2023 legislative session.

Stepney has been serving as the deputy executive director of the Texas Commission on Environmental Quality (TCEQ). She has worked for the TCEQ since 1992, first working in the air permitting division for eight years, then as section manager for the wastewater permitting section before being promoted to division director in 2003 for the water quality division. She also served as deputy director of the office of water upon its creation in 2009. Additionally, Stepney has participated in the group from Texas that meets with Mexico and International Boundary and Water Commission to negotiate water deliveries under the Rio Grande 1944 Treaty. She is a board member for the Mickey Leland Environmental Internship Program and is a graduate of the University of Texas Governor's Center Executive Management Program and the University of Texas Center for Public Policy Dispute Resolution Fellows Program.

## TIPRO update on Weather Emergency Readiness Attestation

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Last week, TIPRO met with the Railroad Commission of Texas regarding operator compliance with the agency's Weather Emergency Readiness Attestation requirements. Operators who have failed to submit an attestation form will be receiving a notice from the Railroad Commission. Operators have 30 days to submit their Weather Emergency Readiness Attestations before being issued a fine by the commission. Fines issued by the commission will be \$5,000.00.

As a reminder, the attestation must be prepared by an authorized representative of the operator or under the authorized representative's supervision and direction and must attest that the operator implemented the weather emergency preparation measures. It must also include an attachment describing all activities the operator engaged in to implement the requirements, including a description of the weatherization methods used to weatherize the facility. To help our members with this process, please review an attestation template that TIPRO created [here](#).

## Congressional leaders press Biden Administration for answers on “mismanagement” of SPR

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With the nation's oil reserves near 40-year lows, congressional officials in the U.S. House and Senate are demanding the Biden Administration answer questions on the unprecedented drawdowns from the Strategic Petroleum Reserve (SPR) this year and “mismanagement” of the national security asset. U.S. Senate Energy and Natural Resources Committee Republican Leader John Barrasso (R-Wyoming) and Cathy McMorris Rodgers (WA-05), ranking member of the U.S. House Committee on Energy and Commerce, sent a letter on November 28<sup>th</sup> to U.S. Energy Secretary Jennifer Granholm requesting more information and documentation regarding the withdrawals from the SPR, approved by the administration, which the lawmakers say have left the nation “even more susceptible to true energy supply disruptions” and will make America “vulnerable to our greatest geopolitical adversaries.” According to Republicans in Congress, President Biden has sold off nearly 40 percent of the reserve stockpile to increase supply in the marketplace and keep gas prices down.



“As secretary of energy, you have overseen the largest SPR drawdown in history, selling more than 245 million barrels since President Biden's first day in office. This has occurred as gas prices remain high and supply chain shortages continue to plague our economy. Instead of unleashing American energy production, you have depleted our strategic stockpile while failing to establish long-term plans for the optimal size, configuration, maintenance, and operational capabilities of the reserve,” said the legislators. “We are also concerned that the rapid depletion of the SPR may have caused damage to the SPR's pipelines and caverns, compromising its ability to meet its energy security mission in the event of a true energy supply interruption. As you know, the SPR consists of subterranean salt caverns filled with oil, and a complex system of wells, pipelines, and pumps that use water and brine to direct the flow of oil to where it is needed. Each drawdown has the potential to degrade the SPR's storage and distribution capabilities as pressurization, corrosion, and consequences of repeated use erode the SPR's physical integrity,” policymakers also noted.

As such, Senator Barrasso and Representative McMorris Rodgers have asked Secretary Granholm if the Energy Department and administration have conducted a full assessment of the integrity of SPR facilities. The officials also want to learn if any SPR caverns have collapsed or been closed temporarily or permanently as a result of recent SPR drawdowns.

TIPRO members can review the full letter from the two congress members at: <https://bit.ly/3Pis3ZP>.

Representative McMorris Rodgers earlier in the year has attempted to get similar answers from the Energy Department, having in June sent a similar request to Secretary Granholm to obtain answers on the administration's strategy to tap the SPR. That letter, which went unanswered, can be viewed here: <https://bit.ly/3uHnv5V>.

## Permitting reform debates continue in Washington, with no legislative deal yet reached

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Before the end of the year, permitting reform continued to be a large topic of discussion amongst policymakers in the nation's capital, though Democratic and Republican lawmakers have to date struggled to reach consensus on the issue in time for key legislative deadlines. For weeks, congressional leaders have kept engaging in talks about adding proposals for comprehensive permitting overhaul to other legislation, including the *Fiscal Year 2023 National Defense Authorization Act*, but politicians ultimately have not yet been successful in striking a deal and passing comprehensive permitting reform legislation.

“Our energy infrastructure is under attack and America's energy security has never been more threatened,” said U.S. Senator Joe Manchin, chairman of the Senate Energy and Natural Resources Committee and a key proponent of permitting improvements. “Failing to pass bipartisan energy permitting reform that both Republicans and Democrats have called for will have long-term consequences for our energy independence. The American people will pay the steepest price for Washington once again failing to put common sense policy ahead of toxic tribal politics. This is why the American people hate politics in Washington.”

The U.S. Senate was scheduled to vote on Thursday, December 15<sup>th</sup> on an amendment Senator Manchin proposed tied to permitting. President Joe Biden this week expressed support for the senator's bill amendment proposal, meant to speed up the environmental review and permitting of energy infrastructure and to put a fence around litigation against such projects, as a means to continue reducing inflation.

## Set of bills filed in Congress would set new limits on key industry tax provisions, including IDCs

Legislation introduced this month by Democratic senators once again targets important tax policies utilized by American oil and natural gas producers. U.S. Senator Bob Menendez (D-New Jersey) in December filed the *Close Big Oil Tax Loopholes Act*, which would block oil and natural gas companies with gross receipts over \$50 million from utilizing tax provisions including Intangible Drilling Costs (IDCs), percentage depletion allowances, enhanced oil recovery credits and other deductions. Co-sponsors of the legislation include Senators Cory Booker (D-New Jersey), Alex Padilla (D-California), Jeanne Shaheen (D-New Hampshire), Mazie Hirono (D-Hawaii), Ben Cardin (D-Maryland) and Patty Murray (D-Washington). Text of the *Close the Big Oil Tax Loopholes Act* can be found at <https://bit.ly/3FW2kTV>.

Senator Menendez also is advocating for new laws that incentivize oil and gas companies to develop their federal oil and gas leases. The *Use It or Lose It Act*, filed recently by Senator Menendez, would require the U.S. Secretary of the Interior to establish development benchmarks and requirements for lease-holders to hit after securing a federal oil and gas lease, and implement a \$10 per acre annual fee on federal oil and gas leases that don't produce oil or gas in a given year. Under the bill, the Interior Secretary would also be required to adjust the fee at least once every five years to ensure that it adequately incentivizes the diligent development of leases. TIPRO members can view the legislation at: <https://bit.ly/3uHcDVu>.

## Registration opens for EPA virtual hearings on supplemental oil and gas methane rule proposal

Stakeholders can sign up now to participate in public hearings that will be hosted by the U.S. Environmental Protection Agency (EPA) in January focused on the EPA's proposed federal methane rule for the oil and natural gas industry. The hearings will provide the public an opportunity to present comments and information on the agency's regulatory work seeking to significantly reduce methane and other emissions from oil and natural gas operations.

Hearings will be held by the EPA on January 10, 11 and 12, 2023, from 9 a.m. to 7 p.m. Central Standard Time. To sign up, please visit the link that follows: <https://bit.ly/3Bw07vL>. Registration to speak at the hearings is open until January 5, 2023.

As TIPRO has previously reported to members, in November, the EPA issued a supplemental rule package that seeks to update and expand industry requirements in order to sharply reduce emissions. The rulemaking follows an earlier regulatory proposal by the EPA unveiled in November 2021 that also was developed to strengthen emissions reduction requirements currently on the books for new, modified and reconstructed oil and natural gas sources. According to the agency, the supplemental proposal was issued by regulators to achieve more comprehensive emissions reductions from oil and natural gas facilities by improving standards in the 2021 proposal and adding proposed requirements for sources not previously covered.

In addition to its January hearings, the EPA is also accepting written comments on its regulatory proposal until February 13, 2023. Comments may be submitted online using the Federal eRulemaking Portal accessible at <https://bit.ly/3VJsizv>, referencing Docket ID No. EPA-HQ-OAR-2021-0317.

## Biden Administration proposes new rule cutting fossil-fuel usage at federal buildings

The U.S. Department of Energy (DOE) is seeking to accelerate the electrification of new or newly renovated federal buildings and limit usage of fossil fuels to power government facilities. The department announced on December 7<sup>th</sup> a new proposed rule that would speed up electrification goals for federal facilities utilizing advancing technologies and clean electricity. Under the rule, beginning in 2025, federal buildings would be required to reduce their on-site emissions associated with the energy consumption of the building by 90 percent relative to 2003 levels. In 2030, the federal standard will fully decarbonize the on-site emissions in new federal buildings and major renovations. The rule will not penalize agencies for using fossil fuels to conduct mission-critical activities such as national security, according to the Energy Department. In addition, the department said it has established a petition process that would address concerns relating to technical feasibility for specific applications within a given building and climate zone. More details on the scope of the rule are expected to be released in coming weeks.

## Oil and gas permitting in Texas slows as producers focus on completing existing wells

The Railroad Commission of Texas reported in December that fewer drilling permits had been issued by the state agency compared with more recent months, as producers have seemingly slowed down on drilling new wells to instead divert efforts to completing existing oil and gas wells. The commission said that a total of 678 original drilling permits were approved in November, compared to 842 permits during the same month a year ago. The number of new drilling permits processed by the commission is also lower than what was issued earlier this Fall, with 851 original drilling permits approved by the commission in October 2022 and 984 original drilling permits issued in September 2022.

According to the commission, the breakdown of well types for original drilling permits in November 2022 was 161 oil, 70 gas, 419 oil or gas, 23 injection and five other permits.

In the Midland district, central to much of the energy development for the Permian Basin, the number of permits to drill new oil and gas wells fell from 429 in August, to 292 permits in November. Likewise, in the San Antonio district, close by the Eagle Ford Shale, permits dropped to 63 in November from 108 issued in August by the commission.

Meanwhile, last month, commission staff report a higher number of well completion applications were received. According to the commission, 821 oil, 141 gas and 207 injection completion applications were processed for new drills, re-entries and re-completions, compared to 541 oil, 122 gas and 53 injection completions in November 2021. A total of 12,474 well completions for 2022 year-to-date for new drills, re-entries and re-completions have been processed by the regulatory agency, compared to 8,483 recorded during the same period in 2021.

## OPEC+ in December decides to stick to oil production cuts

The Organization of the Petroleum Exporting Countries and partners, known as OPEC plus, agreed in early December to maintain the group's oil output and continue a policy implemented in November lowering total production from OPEC+ by 2 million barrels per day. The impact of the recent Russian oil-price cap on the market was said to weigh heavily on OPEC delegates leading up to their December 4<sup>th</sup> meeting, in addition to China's ongoing coronavirus (COVID-19) lockdowns that have affected global energy demand and prices. Still, producers associated with OPEC made the decision to roll over their existing production quota policy to try and balance energy markets.

Though the coalition of oil-producing nations has continuously faced pressures from the U.S. and other large countries to increase its total production, energy ministers representing the oil alliance said earlier this Fall that the collective choice to lower output had been made in light of the "uncertainty that surrounds the global economic and oil market outlooks." The deep output cuts from OPEC+ – the largest made since the onset of the COVID-19 pandemic in 2020 – were imposed to spur a recovery in crude prices, which had dropped since the summer as a result of rising concerns on prospects of a global economic recession.

The White House and President Joe Biden later called the move by OPEC+ to reduce oil production a "shortsighted decision." The situation also prompted U.S. officials to consider policies that would lessen OPEC's control over energy prices. The so-called "*No Oil Producing and Exporting Cartels (NOPEC)*" Act, for instance, has gained increasing traction in Congress, and would amend the *Sherman Act* to authorize the U.S. Justice Department to bring lawsuits against oil cartel members for antitrust violation. "Since day one, the Biden Administration has pursued policies that have limited or discouraged U.S. energy production, leading to an increase in fuel prices and making us more reliant on foreign oil producers. OPEC and its partners have ignored President Biden's pleas for increased output, and now they are colluding to reduce production and further raise global oil prices," stated U.S. Senator Chuck Grassley (R-Iowa), author of the legislation, earlier this Fall. "If this administration insists on making us more dependent on less friendly, less environmentally conscious foreign oil producers, we should at least be able to hold them accountable for their unfair price fixing," said Senator Grassley.

## OPEC projects robust oil demand growth will continue in 2023

A new forecast released in mid-December by OPEC (Organization of the Petroleum Exporting Countries) shows global oil demand will remain strong in the forthcoming year. The group on Tuesday, December 13, issued its *Oil Market Report* highlighting major issues affecting the world oil market and forecasted trends for crude oil market developments during 2023. OPEC said in its report that it expects oil demand to grow by 2.2 million barrels a day in 2023. The latest projections by OPEC notably suggest that the alliance of major producers does not anticipate substantial impact from Western sanctions on Russian oil to global crude flows over the next year.

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## U.S. promises to boost LNG shipments to U.K. under new energy partnership

The United States government pledged to increase its shipments of liquefied natural gas (LNG) to the United Kingdom through a new energy alliance struck with British officials in December. The "U.K.-U.S. Energy Security and Affordability Partnership," announced last week by White House, aims to deepen cooperation over energy, increase energy supplies to the United Kingdom and Europe, stabilize global energy markets and generally lessen European energy dependence on Russian oil and natural gas. Through the initiative, the U.S. promised to export at least 9-10 billion cubic metres of LNG over the next year via U.K. terminals, more than doubling the level exported in 2021 and capitalizing on the U.K.'s import infrastructure. The Biden Administration also said it would maintain an "enabling regulatory environment to facilitate continued supplies, including domestic UK production, and to act on issues raised by stakeholders including in the private sector."

Both countries also agreed to work together on energy efficiency measures through the energy partnership and promote efforts to reduce greenhouse gas intensity, incorporating Carbon Capture, Usage and Storage (CCUS) and renewables in production sites where possible, and collaborating to adopt regulatory frameworks to minimize leakage, venting, or flaring from new, modified, or existing infrastructure.

## EPA quietly looks at raising social cost of carbon emissions

The Biden Administration last month revealed a new threshold may be forthcoming for the government's social cost of carbon emissions, as the White House seeks to expand its regulatory efforts that crack down on emissions and address climate change. The U.S. Environmental Protection Agency (EPA) in November was reported to be looking at raising the social cost of carbon to \$190 per metric ton of carbon dioxide (CO<sub>2</sub>), a steep increase from the current rate of \$51 per metric ton of CO<sub>2</sub>.

Already, the climate metric has faced ongoing litigation and legal challenges ever since President Joe Biden through an executive order directed the federal government in 2021 to re-establish a government-managed Interagency Working Group responsible for issuing an interim estimate of the social cost of carbon monetizing the value of changes in greenhouse gas emissions. Under the president's executive order, the working group also was tasked with working towards a "final" figure of the societal cost of greenhouse gases.

A number of state attorneys general, including Texas Attorney General Ken Paxton, have filed lawsuits against the policy, saying it puts nearly every aspect of the economy at risk and would fundamentally transform the entire federal regulatory structure by empowering agencies to arbitrarily assign massive costs or benefits to any regulated activity under their authority. Despite efforts to block the administration's social cost of climate metric, a U.S. appeals court this past October upheld the current calculation being used by the federal government and allowed regulators at federal agencies to continue to reference the accounting metric to tally the cost of carbon emissions.

## RRC revises seismicity reduction response plan

After a 5.4 magnitude earthquake was recorded last month in West Texas, state regulators at the Texas Railroad Commission in December said several revisions would be implemented to the commission's seismicity reduction response plan for the Northern Culberson-Reeves Seismic Response Area (SRA), the region where the seismic event occurred. The commission said it is expanding the boundary of the Northern Culberson-Reeves SRA to reach the New Mexico border, which will increase the size of the SRA from 2,366 square miles to approximately 2,601 square miles. According to the commission, with the expanded boundary, there now are 78 active disposal wells included within the updated SRA.

Additionally, the agency is further lowering the target for daily injection volume reductions in deep disposal wells located in the SRA. Operators of deep disposal wells in the revised response plan have agreed to reduce the collective volume of disposal from the original target of 298,000 barrels per day by June 30, 2023, to 162,000 barrels per day by that date. This would be about a 68 percent drop in disposal volume compared to January 2022, before the seismicity reduction response plan went into effect.

The Railroad Commission also indicated it will promote expanded data collection to support seismicity research that can be used to inform policymakers on future data needs for effective regulation to protect residents and the environment. The data collection will include a voluntary survey of available historical and current reservoir pressure, encouraging the use and reporting of continuous down-hole pressure monitoring data and assessing the origins of disposal volumes — whether from in-state or out-of-state sources.

*Happy  
Centenary,  
Jackie Anderson!*

The association wishes  
TIPRO member Jackie Anderson  
congratulations on her 100<sup>th</sup> birthday!



Jackie Anderson (center) pictured with sons Scott, Kevin and Craig Anderson.



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## Texas Independent Producers & Royalty Owners Association

With nearly 3,000 members, TIPRO is the nation's largest statewide association representing both independent producers and royalty owners. Our members include small family-owned companies, the largest publicly traded independents and large and small mineral estates and trusts.

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